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BOOK REVIEWS AND NOTICES

The Morals of Monopoly and Competition. By H. B. REED. Menasha, Wis.: George Banta Publishing Co., 1916. 12mo, pp. iv+143. \$1.25.

Unfair Competition. By W. H. S. STEVENS. Chicago: University of Chicago Press, 1917. 12mo, pp. xiii+265. \$1.50 net.

The publication of these two books, both of which deal with the subject of unfair competition, is a hopeful sign that this rather neglected topic is beginning to receive the attention its importance warrants. It is interesting, too, that one of the authors approaches the question from the point of view of a person trained in philosophy while the other is an economist.

The former, in *The Morals of Monopoly and Competition*, is primarily concerned in describing the evolution now taking place in the business world, "one of the outstanding features of which is the change from private and competitive morality to public and co-operative morality." He first attempts to explain why private competitive morality has been found unsatisfactory, by a detailed account of its results under the practice of railroad discriminations in the case of the Standard Oil Company. Secondly, he describes the solutions proposed as evolved in the court decisions concerning railroad rebates and a fair rate of return for public-service companies. Thirdly, through a criticism of these decisions, he attempts to set forth the principles established to meet the new conditions. Then, turning from public callings to private callings, he follows a similar plan in the case of the large industrial corporations. Here practically the only unfair methods of competition described are the various forms of local price discrimination employed by the Standard Oil Company, though the judicial decisions discussed deal with a great variety of practices and the general principle of freedom of trade. The general conclusion is that industrial combinations which are doing business under the law of private callings ought to be regulated under the law of public callings.

With this general conclusion many will agree. It has already been set forth by various writers, notably and by a method in many respects similar in Wyman's *Control of the Market*. But whether the conclusion

is adequately substantiated by this discussion is less certain. In fact, the book seems to lack a clear-cut, logical, and systematic working out of the question. The difficulty apparently arises from the fact that the author is really dealing with two questions. One is whether certain practices are fair and moral; the second concerns the logical reasoning and the evolution of the moral opinions of judges as shown in their decisions as to the legality of these practices. It is in the sections dealing with the second topic that the most interesting and suggestive portions of the book are to be found. Here, notably in chap. iii, the author points out certain sources of possible error in judicial opinion, attention to which is much needed. But while a judge's decision as to what is legally right may, under certain circumstances, depend upon his ideas as to what is morally right, as is here pointed out, yet morality is not determined by these decisions. Consequently the discussion dealing with this second topic has not much bearing upon, and certainly does not answer, the question propounded by the first topic as to what forms of competition are morally right. To answer this question some ethical criterion is necessary, but the author nowhere specifically discusses this point. So far as an answer can be inferred from his statement, his condemnation of certain practices rests upon the ground that they tend to create monopoly. "The common good of the state is also materially dependent upon the prevalence of competition and the absence of monopoly," p. 49. (Cf. also statements on pp. 44, 77, 107, 142.) This underlying major premise, whether correct or not, certainly needs to be examined and justified quite as much as those premises which the author asserts (p. 118) the judges have not examined. Moreover, it is somewhat difficult to reconcile this with the general conclusion that industrial combinations should be put under the law of public callings, for that law is designed to meet a situation where monopolies are commonly admitted to be desirable. So far, then, as the question "What is unfair competition?" is concerned it does not appear from this volume that philosophy makes any contribution to the answer over and above the contribution of the economist.

Unfair Competition is an expansion of the author's two articles which originally appeared in the *Political Science Quarterly* for 1914. The new matter consists chiefly of added illustrations of cases of the different methods of unfair competition, the listing of a new heading called "Interference," and the expansion of the conclusion, where especial attention is given to the trust legislation of 1914 as it relates to this subject.

The volume is sound and timely and is the best presentation of the topic available. The author's final test of the fairness of a given method of competition is "whether or not it restricts actually or potentially the normal operation of the law of competition with the resulting survival of efficiency," and he is consistent throughout in adhering to this. This test, broadly interpreted, is economically sound. No attempt has been made to examine into the moral basis of this criterion, doubtless with wisdom, for to attempt this would soon involve the author in the field of ethics and the entire philosophy of life. It is here, if anywhere, that the philosopher can best contribute to this problem, but unfortunately Dr. Reed made no attempt to do so. While the conclusions of Dr. Stevens appear sound, additional weight would have been given them had he tried to set forth and refute in more detail the arguments sometimes advanced to justify the various methods of competition which he condemns.

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The Financial History of Boston. By CHARLES PHILLIPS HUSE.
(Harvard Economic Studies, Vol. XV.) Cambridge: Harvard University Press, 1916. 8vo, pp. 395. \$2.00

This work covers the financial history of Boston from May 1, 1822, to January 31, 1909. The earlier date marks the adoption of the city charter, an event which signalized, in the legal sense, the transition from the town form of government, which had developed during the colonial period, to the modern city government. In the economic sense the transformation in the scope of governmental functions was not consummated on that date. The subsequent financial history of Boston is largely the story of the growth of the present complex administrative structure on its fiscal side.

The author divides this history into five periods, each characterized by a financial achievement of unusual significance. The periods and achievements by which they are marked are as follows: (1) "From Town to City Economy, 1822-1844"; (2) "The Building of the Waterworks, 1845-1859"; (3) "The Preservation of the Union; The Great Land and Street Improvements, 1860-1873"; (4) "The Beginning of the Park System, 1874-1886"; (5) "The Metropolitan Districts; the Subways, 1887-1908."